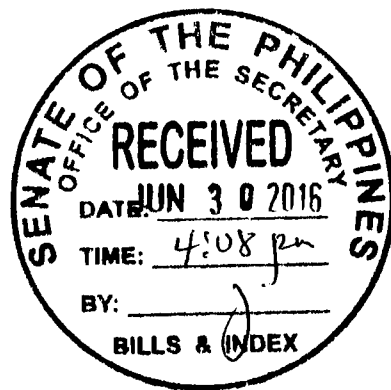


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE
S. No. 107



Introduced by Senator Richard "Dick" J. Gordon

**AN ACT REPEALING THE ESTATE TAX UNDER REPUBLIC ACT NO. 8424, OR
THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED**

EXPLANATORY NOTE

Upon the death of a person, the heirs are usually burdened with the payment of the estate tax up to 20% on the decedent's net estate, which can often reach an unconscionable amount. In most cases, the heirs do not have the available cash to pay for this and end up either not paying and tying up the estate of the decedent from the property market, or losing valuable properties just to raise the needed cash to pay for the estate tax.

This bill seeks to repeal the estate tax and abolish its imposition to ease the burden of the heirs from the ordeal of paying estate tax, especially after having suffered the death of the decedent, mourning the loss of the family, and shouldering many other expenses related to the death.

Estate tax is described as a tax on the privilege of the deceased person to transmit his or her estate to his or her lawful heirs and beneficiaries at the time of death. It is not a tax on property. It is a tax imposed on the privilege of transmitting property upon the death of the owner.

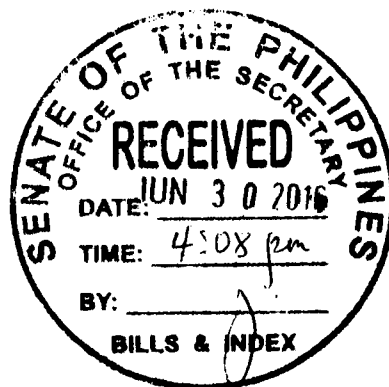
Estate tax has a narrow tax base and entails huge administrative costs. Simply put, the costs do not justify the expected tax revenue in the imposition of estate tax.

There is a need to revisit the wisdom behind the imposition of the estate tax, as estate tax appears to be losing ground around the world because of its poor performance in terms of revenue generation. Since the year 2000, eleven (11) countries and two (2) tax jurisdictions, including Singapore, Hong Kong, and Norway, have already repealed their estate or inheritance tax laws and policies.

RICHARD "DICK" J. GORDON
Senator

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*Be it enacted by the Senate and the House of Representatives of the Philippines in
Congress assembled:*

- 1 SECTION 1. *Title.* – This Act shall be known as the Estate Tax Repeal Act.
- 2 Sec. 2. *Estate Tax Repeal.* – Estate tax under Republic Act No. 8424, or the
- 3 National Internal Revenue Code of 1997, as amended, is hereby repealed.
- 4 Sec. 3. *Retroactive Effect.* – This Act shall have retroactive effect and the
- 5 imposition of estate tax before the effectivity of this Act shall likewise be revoked.
- 6 Sec. 4. *Repealing Clause.* – All laws, including Sections 84 to 97 of Republic Act
- 7 No. 8424, or the National Internal Revenue Code of 1997, as amended, decrees,
- 8 orders, rules and regulations or other issuances or parts thereof inconsistent with the
- 9 provisions of this Act are hereby repealed or modified accordingly.
- 10 Sec. 5. *Separability Clause.* – If any portion or provision of this Act is declared
- 11 unconstitutional, the remainder of this Act or any provision not affected thereby shall
- 12 remain in force and effect.
- 13 Sec. 6. *Effectivity.* – This Act shall take effect after fifteen (15) days following the
- 14 completion of its publication either in the Official Gazette or in a newspaper of general
- 15 circulation in the Philippines.
- 16 Approved,